



Exhibit F-C

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Purchase order info

1 message

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Tue, Nov 23, 2010 at 4:41 PM

Hi Linda,

per our conversation, attached are some basic info from AZ Statutes on Purchase orders. I also attached the state of AZ's terms and conditions in every state purchase order. Technically, in AZ State government, when a vendor accepts the State's purchase order, a contract established from that point on.

35-151. Encumbrance documents: issuance and disposition

A. An encumbrance document shall be processed in the state's accounting system before a budget unit issues a **purchase order** or encumbrance document against appropriations to cover an obligation, actual or anticipated, except that encumbrance documents are not required for gross payrolls and related employee expenses of a budget unit, or, under procedures prescribed in the state accounting manual of the department of administration, for expenditures not exceeding one thousand dollars. Copies of these documents shall be submitted immediately to or entered into the state accounting system of the department of administration. The budget unit shall certify that the proposed expenditure is authorized by appropriation and allotment and that the amount involved does not exceed the unencumbered and unexpended balance of the appropriation as recorded in the state's accounting system. If any proposed certified expenditure is found to exceed the unencumbered and unexpended balance or to be contrary to the provisions of this chapter or any other law, the head of the budget unit or his designee shall disallow the proposed expenditure. If the encumbrance is found to be in order it shall be immediately submitted or electronically transmitted to the department of administration central accounting system, which shall not accept an encumbrance in excess of the appropriation. The amount of the encumbrance shall be set aside to be used exclusively for payment of the claim when presented. If an adequate appropriation balance is not available, the accounting system shall reject the transaction.

B. The department of administration may require encumbrances for all funds of the state, except for the investment of public monies or permanent endowment funds, which are not appropriated but are held in custody by the state treasurer.

C. No encumbrance document may be approved by or for any budget unit which will involve an expenditure of any amount in excess of the unencumbered and unexpended balance of the appropriation or fund source to which the resulting expenditure will be chargeable.

D. Notwithstanding subsection A of this section, an expenditure under section 35-191 shall be encumbered regardless of the dollar amount of the expenditure.

State of AZ definition of Purchase Order

35-101. Definitions

In this chapter, unless the context otherwise requires:

1. "Allotment" means the allocation of an appropriation or other fund source over a full fiscal year within a budget program or expenditure class.

9. "Claim" means a demand against the state for payment for either:

(a) Goods delivered or, in the case of highway construction, goods or facilities to be delivered by the federal government.

(b) Services performed.

10. "Convenience fee" means an additional fee that is imposed by an authorized agent on a web-based or voice response portal transaction for the acceptance of a credit card that would not be charged if the same transaction were completed by an alternate method of payment.

11. "Credit card" means:

(a) Any instrument or device, whether known as a credit card, charge card, credit plate, courtesy card or identification card or by any other name, issued with or without a fee by an issuer for the use of the cardholder in obtaining money, goods, services or anything else of value, either on credit or in possession or in consideration of an undertaking or guaranty by the issuer of the payment of a check drawn by the cardholder, on a promise to pay in part or in full at a future time, whether or not all or any part of the indebtedness represented by this promise to make deferred payment is secured or unsecured.

(b) Any debit card, electronic benefit transfer card or other access instrument or device, other than a check that is signed by the holder or other authorized signatory on the deposit account, that draws monies from a deposit account in order to obtain money, goods, services or anything else of value.

(c) Any stored value card, smart card or other instrument or device that enables a person to obtain goods, services or anything else of value through the use of value stored on the instrument or device.

(d) The number assigned to an instrument or device described in subdivision (a), (b) or (c) of this paragraph even if the physical instrument or device is not used or presented.

12. "Discount fee" means the fee calculated and charged by the credit card issuer or a financial institution pursuant to an agreement for the processing of any credit card transaction.

13. "Encumbrance" means an obligation in the form of any **purchase order**, contract or other commitment which is chargeable to an appropriation or any other authorized fund source and for which a part of the fund source is reserved. It ceases to be an encumbrance when paid or canceled.

14. "Expenditure class" means one of the kinds of expenditure denoting a class of services or commodities purchased or properties acquired as specified in the classification of expenditures prescribed by the director of the department of administration for use in expenditure accounting, in making budget estimates and in the budget reports and budgets.

15. "Issuer" means any business organization, state agency or financial institution, or its duly authorized agent, that issues a credit card.

16. "Prepayment" means the payment of a claim before receiving the goods or services.

17. "Processing fee" means a fee charged by an entity other than a credit card issuer or the processing financial institution to process a credit card transaction.

→ 18. "**Purchase order**" means a document that is signed by the appropriate agency authorized signatory, that requests a vendor to deliver described goods or services at a specific price and that on delivery and acceptance of the goods or services by this state becomes an obligation of this state.

19. "Transaction amount" means the total amount due to the state for any goods, service or license or anything else of value.

2. "Annual budget unit" means the following agencies:

- (a) The department of education.
- (b) The Arizona board of regents.
- (c) Arizona state university.
- (d) Arizona state university west campus.
- (e) Arizona state university east campus.
- (f) The university of Arizona.
- (g) Northern Arizona university.
- (h) The school facilities board.
- (i) The department of economic security.
- (j) The state department of corrections.
- (k) The department of juvenile corrections.
- (l) The Arizona health care cost containment system.
- (m) The department of health services.
- (n) The department of administration.
- (o) The department of transportation.
- (p) The judiciary, including the supreme court, the court of appeals and the superior court.

3. "Authorized agent" means a commercial enterprise contracted to process transactions on behalf of a state agency.

4. "Biennial budget unit" means any department, commission, board, institution or other agency of the state organization receiving, expending or disbursing state funds or incurring obligations against the state that is not an annual budget unit.

5. "Budget estimates" means statements with accompanying explanations, as provided by this chapter, in which a budget unit states its financial requirements and requests appropriations.

6. "Budget program" means functions and activities of a budget unit or within a budget unit that are preplanned to fulfill a distinct mission.

→ 7. "Budget unit" means any department, commission, board, institution or other agency of the state organization receiving, expending or disbursing state funds or incurring obligations against the state. Budget unit includes the annual budget units and biennial budget units.

8. "Cardholder" means any person:

- (a) Named on the face of a credit card to whom or for whose benefit the credit card is issued by an issuer.
- (b) In possession of a credit card with the consent of the person to whom the credit card was issued.

hope this helps. Happy Thanksgiving!

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Please take a moment to fill out our online CUSTOMER SURVEY to let us know how we did so we can serve you better.

 **State of AZ PO Terms & Conditions.pdf**
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State of Arizona
PURCHASE ORDER TERMS AND CONDITIONS

1. **Modification.** No modification of the purchase order shall bind Buyer unless Buyer agrees to the modification in writing.
2. **Packing and Shipping.** Seller shall be responsible for industry standard packing which conform to requirements of carriers' tariffs and ICC regulations. Containers must be clearly marked as to lot number, destination address and purchase order number.
3. **Title and Risk of Loss.** The title and risk of loss of the goods shall not pass to Buyer until Buyer actually received the goods at the point of delivery.
4. **Invoice and Payment.** A separate invoice shall be issued for each shipment. No invoice shall be issued prior to shipment of goods and no payment will be made prior to receipt of goods and correct invoice. Payment due dates, including discount periods, will be computed from date of receipt of goods or date of receipt of correct invoice (whichever is later) to date Buyer's warrant is mailed. Unless freight and other charges are itemized, any discount provided will be taken on full amount of invoice. Payment shall be subject to the provisions of Title 35 of Arizona Revised Statutes. The Buyer's obligation is payable solely from funds appropriated for the purpose of acquiring the goods or services referred to in this Purchase Order.
5. **Inspection.** All goods are subject to final inspection and acceptance by Buyer. Material failing to meet the requirements of this Purchase Order will be held at Seller's risk and may be returned to Seller. If so returned, the cost of transportation, unpacking, inspection, repacking, reshipping or other like expenses are the responsibility of the Seller.
6. **No Replace of Defective Tender.** Every tender of goods must fully comply with all provisions of Purchase Order as the time of delivery, quantity, quality and the like. If a tender is made which does not fully conform, it shall constitute a breach and Seller shall not have the right to substitute a conforming tender.
7. **Force Majeure.** Neither party shall be held responsible for any losses resulting if the fulfillment of any terms or conditions of the Purchase Order are delayed or prevented by any cause not within the control of the party whose performance is interfered with and which, by the exercise of reasonable diligence, that party is unable to prevent.
8. **Gratuities.** The buyer may, by written notice to the Seller, cancel this Purchase Order if it is found by Buyer that gratuities, in the form of entertainment, gifts or otherwise, were offered or given by the Seller, or any agent or representative of the Seller, to any officer or employee of the State of Arizona with a view toward securing an order or securing favorable treatment with respect to the awarding or amending, or the making of any determinations with the respect to the performing, of such order. In the event this Purchase Order is cancelled by Buyer pursuant to this provision, Buyer shall be entitled in addition to any other rights and remedies to recover or withhold from the Seller the amount of the gratuity.
9. **Warranties.** Seller warrants that all goods delivered under this Purchase Order will conform to the requirements of this Purchase Order (including all applicable descriptions, specifications, drawing and samples) will be free from defects in material and workmanship and will be free from defects in design and fit for the intended purposes. Any inspection or acceptance of the goods by Buyer shall not alter or affect the obligations of Seller or the right of Buyer under the foregoing warranties.
10. **Assignment - Delegation.** No right or interest in this Purchase Order shall be assigned by Seller without the written permission of Buyer, and no delegation of any duty of Seller shall be made without permission of Buyer.
11. **Interpretation - Parole Evidence.** This Purchase Order is intended by the parties as a final expression of their agreement and is intended also as a complete and exclusive statement of the terms of their agreement. No course of prior dealings between the parties and no usage of the trade shall be relevant to supplement or explain any term used in this Purchase Order. Acceptance or acquiescence in a course of performance rendered under this Purchase Order shall not be relevant to determine the meaning of this Purchase Order even though the accepting or acquiescing party has knowledge of the nature of the performance and opportunity for objection. Whenever a term defined by the Uniform Commercial Code is used in the Purchase Order the definition contained in the Code is to control.
12. **Non-Discrimination.** Seller agrees not to discriminate against any employee or applicant for employment in violation of the terms of Federal Executive Order 11246 State Executive Order No. 75-5 and A.R.S. Section 41-1481 et seq.
13. **Indemnity.** Seller agrees to indemnify and save the Buyer harmless from any loss, damage or expense whatsoever resulting to the Buyer from any and all claims and demands on account of infringement or alleged infringement of any patent in connection with the manufacture or use of any product included in this Purchase Order and upon written request Seller will defend at its own cost the expense any legal action or suit against the Buyer involving any such alleged patent infringement and will pay any satisfy and all judgments or decrees rendered in any against such legal actions or suits. Seller will indemnify Buyer against all claims for damages to person or property resulting from defects in materials or workmanship.
14. **Liens.** All goods delivered and labor performed under this Purchase Order shall be free of all liens and if Buyer requests, a formal release of all liens delivered to Buyer.
15. **Contract Number.** If an Arizona contract number appears on the face of this Purchase Order the terms of that contract are incorporated herein by this reference.
16. **Taxes.** The State of Arizona is exempt from Federal Excise Tax.
17. **Conflict of Interest.** Pursuant of A.R.S. Section 38-511 this Purchase Order is subject to cancellation by the buyer if any person significantly involved in initiation negotiating securing drafting or creating the contract on behalf of the state is at any time while the contract is in effect, an employee or any other party to the contract in any capacity or a consultant to any other party of the contract will respect to the subject matter of the contract.
18. **Remedies and Applicable Law.** This Purchase Order shall be governed by and Buyer and Seller shall have all remedies afforded each by the Uniform Commercial Code as adopted in the State of Arizona except as otherwise provided in this Purchase Order or in statutes pertaining specifically to the State. This Purchase Order shall be governed by the law the State of Arizona and suits pertaining to this Purchase Order may be brought only in the courts of the State of Arizona.
19. **Arbitration.** The parties must use arbitration as required by A.R.S. Section 12-1518.